



Notice of the FDIC's Response to Exception Requests Pursuant to Recordkeeping for Timely Deposit Insurance Determination

AGENCY: Federal Deposit Insurance Corporation (FDIC).

ACTION: Notice of the FDIC's response to exception requests pursuant to the Recordkeeping for Timely Deposit Insurance Determination rule.

SUMMARY: In accordance with its rule regarding recordkeeping for timely deposit insurance determination, the FDIC is providing notice that it has granted time-limited exception relief to two covered institutions from the information technology system and recordkeeping requirements applicable to official items (subject accounts) in order for those covered institutions to integrate certain information technology systems that hold the requisite information to calculate deposit insurance in accordance with part 370.

DATES: The FDIC's grant of exception relief is effective as of December 20, 2021.

FOR FURTHER INFORMATION CONTACT: Cassandra Knighton, Section Chief, Division of Complex Institution Supervision and Resolution; CKnighton@FDIC.gov; (972) 761-2802.

SUPPLEMENTARY INFORMATION: The FDIC granted a time-limited exception request to two covered institutions pursuant to the FDIC's rule entitled "Recordkeeping for Timely Deposit Insurance Determination," codified at 12 CFR part 370 (part 370 or the Rule).¹ Part 370 generally requires covered institutions to implement the information technology system and recordkeeping capabilities needed to quickly calculate the amount of deposit insurance coverage available for each deposit account in the event of failure. Pursuant to § 370.8(b)(1), one or more covered institutions may submit a request in the form of a letter to the FDIC for an exception from one or more of the requirements of part

¹ 12 CFR part 370.

370 if circumstances exist that would make it impracticable or overly burdensome to meet those requirements. Pursuant to § 370.8(b)(2), the FDIC publishes a notice of its response to each exception request in the Federal Register. Pursuant to § 370.8(b)(3), a covered institution may rely upon another covered institution's exception request which the FDIC has previously granted by notifying the FDIC that it will invoke relief from certain part 370 requirements and demonstrating that the covered institution has substantially similar facts and circumstances to those of the covered institution that has already received the FDIC's approval. The notification letter must also include the information required under § 370.8(b)(1) and cite the applicable notice published pursuant to § 370.8(b)(2). Unless informed otherwise by the FDIC within 120 days after the FDIC's receipt of a complete notification for exception, the exception will be deemed granted subject to the same conditions set forth in the FDIC's published notice.

These grants of relief will be subject to ongoing FDIC review, analysis, and verification during the FDIC's routine part 370 compliance tests. The FDIC presumes each covered institution is meeting all the requirements set forth in the Rule unless relief has otherwise been granted. These grants of relief may be rescinded or modified upon: discovery of misrepresentation; material change of circumstances or conditions related to the subject accounts; or failure to satisfy conditions applicable to each. The following exceptions were granted by the FDIC as of December 20, 2021.

I. Exception Relief for Additional Time to Integrate Information

Technology Systems that Contain the Requisite Information to Calculate Deposit Insurance for Official Items.

The FDIC granted time-limited exception relief from part 370's information technology system requirements set forth in § 370.3 and recordkeeping requirements set forth in § 370.4 applicable to official items, as described in 12 CFR 370.4(c), for up to 18 months after the compliance date. One covered institution requested exception relief from

the recordkeeping and information technology system requirements with respect to interest payments made to customers via official items and official items used in the accounts payable process to remit vendor payments. The covered institution previously completed system enhancements that provide the name, address, and amount of the official items; however, the government identification number, where it is available, is not immediately accessible by its part 370 calculation system because the systems that create the payments are not connected to the core deposit and accounts payable systems that store the customer information. The covered institution requested exception relief in order to develop, test, implement, and validate its planned solution that requires it to source the government identification number from the systems that contain customer information and provide that data into the part 370 calculation system. The other covered institution requested exception relief from the information technology system and recordkeeping requirements for official items for which the covered institution may have sufficient information to make a deposit insurance calculation but does not have the capability to retrieve the information or reliably tie it to the payee. The covered institution does not currently have a method for tracing official items back to the original loan or deposit servicing information technology systems in a manner that would permit it to associate government identification numbers, if available, with other payee information in the covered institution's payment systems. The covered institution requested exception relief in order to assess and implement a solution to this issue that would seek to appropriately balance the requirements of the Rule and consumer data security and other considerations.

As conditions of this exception relief, these covered institutions must: provide documentation that describes the process put in place to manually calculate deposit insurance for the subject accounts in the event of failure during the relief period; maintain the capability to restrict access to the deposit accounts subject to this exception in the

event of failure until a deposit insurance determination can be made and place all such accounts into the pending file of its part 370 output files during the relief period; submit a status report to part370@fdic.gov at the midpoint of the exception relief period; and immediately bring to the FDIC's attention any change of circumstances or conditions.

Federal Deposit Insurance Corporation.

Dated at Washington, DC, on December 20, 2021.

James P. Sheesley,

Assistant Executive Secretary.

BILLING CODE 6714-01-P

[FR Doc. 2021-28143 Filed: 12/27/2021 8:45 am; Publication Date: 12/28/2021]